



Leq'a:mel First Nation
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

**Leq'a:mel First Nation
CONSOLIDATED FINANCIAL STATEMENTS
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For the year ended March 31, 2020

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**Leq'a:mel First Nation
March 31, 2020**

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Leq'a:mel First Nation are the responsibility of management and have been approved by Chief and Council

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.


Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Ribeyre Chang Haylock, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Leq'a:mel First Nation and meet when required.

On behalf of Leq'a:mel First Nation:


Chief


Councillor

INDEPENDENT AUDITOR'S REPORT

To: The Members of Leq'a:mel First Nation

Report on the Audit of the Consolidated Financial Statements

We have audited the consolidated financial statements of Leq'a:mel First Nation, which comprise the consolidated statement of financial position as at March 31, 2020 and March 31, 2019, and the consolidated statements of income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Leq'a:mel First Nation as at March 31, 2020 and March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
-



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Aaron Keetley, CPA, CA, CMA.

Port Coquitlam, B.C.
January 4, 2021

Ribeyre Chang Haylock
Chartered Professional Accountants



Leq'a:mel First Nation
SUMMARY STATEMENT OF FINANCIAL POSITION

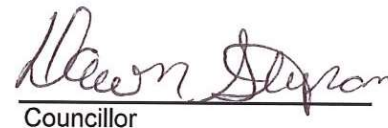
As at March 31, 2020

Statement 1

	2020	2019 (Restated)
Financial assets		
Cash - note 3	\$ 2,441,146	\$ 548,614
Accounts receivable - note 4	591,017	477,580
Investment in government business enterprises - note 5	43,152	23,400
Investment in government business partnerships - note 6	2,742,905	2,628,192
Trust moneys - note 7	393,734	381,775
	6,211,954	4,059,561
Liabilities		
Accounts payable and accrued liabilities - note 8	741,941	1,074,892
Long-term debt - note 9	6,688,917	6,929,127
Capital lease - note 10	75,818	-
	7,506,676	8,004,019
Net debt	(1,294,722)	(3,944,458)
Non-financial assets		
Tangible capital assets - note 11	14,480,321	14,279,841
Prepaid expenses	40,614	47,171
Total non-financial assets	14,520,935	14,327,012
Accumulated surplus - note 12	\$ 13,226,213	\$ 10,382,554

See accompanying notes


 Chief Councillor


 Councillor

Leq'a:mel First Nation

SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2020

Statement 2

	2020 Budget	2020 Actual	2019 Actual (Restated)
Revenue			
Indigenous Services Canada	\$ 2,017,674	\$ 2,017,674	\$ 2,237,116
Canada Mortgage and Housing Corporation	35,832	42,393	96,950
First Nations Health Authority	30,000	123,698	49,122
First Nations Education Steering Committee	-	12,915	46,672
Income from Government Business Partnerships	-	1,946,378	247,286
Income from Government Business Entities	-	19,742	691
Province of British Columbia	452,500	573,970	189,750
Rental and leasing	86,001	284,060	230,632
Sto:lo Nation	279,654	289,671	86,346
Sto:lo Xwexwilmexw Treaty Association	-	117,303	1,462
Transmountain Pipeline Corporation	-	1,370,000	-
Natural Resources Canada	182,000	177,610	7,310
Interest on trust moneys	-	972	968
Miscellaneous revenue	-	282,197	386,728
	3,083,661	7,258,583	3,581,033
Expenses			
Administration		1,326,036	938,205
Capital asset depreciation		225,281	198,042
Education and employment		184,276	297,198
Social		698,924	655,350
Health		265,326	241,676
Lands and resources		877,623	889,744
Capital projects		58,117	65,178
Housing		307,707	74,682
Business and investments		482,286	393,044
	-	4,425,576	3,753,119
Annual surplus		2,833,007	(172,086)
Accumulated surplus, beginning of year		10,382,554	10,554,640
Reimbursements		10,652	-
Accumulated surplus, end of year		\$ 13,226,213	\$ 10,382,554

See accompanying notes

Leq'a:mel First Nation

SUMMARY STATEMENT OF NET DEBT

For the year ended March 31, 2020

Statement 3

	2020 Budget	2020 Actual	2019 Actual
Annual surplus	\$ -	\$ 2,833,007	\$ (172,086)
Reimbursements in the year	10,652	10,652	-
	10,652	2,843,659	(172,086)
Changes in tangible capital assets			
Acquisition of tangible capital assets	(594,052)	(594,052)	(3,122,761)
Amortization of tangible capital assets	393,572	393,572	258,617
	(200,480)	(200,480)	(2,864,144)
Changes in other non-financial assets			
Prepaid expenses and deposits	6,557	6,557	10,650
	6,557	6,557	10,650
Decrease in net debt		2,649,736	(3,025,580)
Net debt at beginning of year		(3,944,458)	(918,878)
Net debt at end of year		\$ (1,294,722)	\$ (3,944,458)

See accompanying notes

Leq'a:mel First Nation

SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

Statement 4

	2020	2019
OPERATING ACTIVITIES		
Revenue received	\$ 7,142,177	\$ 3,317,167
Expenses paid	(4,351,455)	(3,659,482)
Interest paid on long-term debt	(3,461)	(3,478)
Interest paid on capital lease	(1,820)	-
Cash provided by (used in) operating activities	2,785,441	(345,793)
INVESTING ACTIVITIES		
Advances (to) from government business enterprises	(19,752)	37,209
Advances (to) from government business partnerships	(114,713)	1,015,616
Purchase and construction of capital assets	(509,649)	(3,122,761)
Cash used in investing activities	(644,114)	(2,069,936)
FINANCING ACTIVITIES		
Proceeds of long-term debt	-	2,200,000
Allocation of loan proceeds to Debt Reserve Funds	-	(110,000)
Repayment of long-term debt	(240,210)	(208,077)
Repayment of capital lease	(8,585)	-
Cash (used in) provided by financing activities	(248,795)	1,881,923
Increase (decrease) in cash during the year	1,892,532	(533,806)
Cash, beginning of year	548,614	1,082,420
Cash, end of year	\$ 2,441,146	\$ 548,614

See accompanying notes

Leq'a:mel First Nation

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Leq'a:mel First Nation (the "First Nation") is an Indian Band as defined by the Indian Act. The First Nation manages various programs offered by Indigenous Services Canada (ISC) and other funding agents to benefit its members. The First Nation also represents its members in the negotiation of treaty settlements and specific land claims.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Summary Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles.

a) Reporting entity

The Leq'a:mel First Nation reporting entity includes the Leq'a:mel First Nation and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

b) Use of estimates

The preparation of schedules in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the schedules and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

c) Principles of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises and government business partnerships, which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The First Nation records its investments in government business enterprises (GBE) and government business partnerships (GBP) on a modified equity basis. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of the First Nation and inter-entity transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the First Nation may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

Organizations accounted for on a modified equity basis include:

1. 0807656 B.C. Ltd. - 100%
2. Leq'a:mel Development Corporation - 100%
3. Seven Generations Environmental Services Ltd - 17%
4. Leq'a:mel Forestry Limited Partnership - 99.000%
5. Leq'a:mel Development Limited Partnership - 99.999%

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March 31, 2020

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

e) Revenue recognition

Government Funding

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

First Nation Capital and Revenue Trust Funds

The First Nation recognizes revenues of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Rental Income

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Own Source Revenue

Revenues are recognized in the period in which the transaction or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Other

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

f) Trust funds

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. Part of the trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds are primarily governed by Sections 63 to 69 of the Indian Act.

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the assets.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital assets and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

Tangible capital assets are depreciated over their expected useful lives as follows:

Community Infrastructure	
Water mains	100 years
Hydrants	75 years
Pumphouses	50 years
Reservoirs	75 years
Wells	25 years
Standpipes	75 years
Forcemains	50 years
Gravity sewers	100 years
Lift stations	50 years
Communal septic tanks	75 years
Communal disposal fields	50 years
Grinder pumps	15 years
Individual septic tanks and fields	25 years
Storm mains	100 years
Paved roads	20 years
Gravel roads	40 years
Land improvements	20 years
Buildings	40 years
Machinery and equipment	10 years
Automotive	5 years
Computer hardware and software	5 years
Office furniture and equipment	8 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not depreciated until the asset is available to be put into service.

h) Financial instruments

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by the First Nation to be recorded at fair value. All other financial instruments, including financial instruments with related parties for which fair value cannot be estimated, are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis.

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, due from and to related entities, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, credit or currency risks arising from these financial instruments and the fair value of these financial instruments approximates their carrying values.

2. ECONOMIC DEPENDENCE

The Leq'a:mel First Nation receives major portions of its revenue pursuant to funding arrangements with Indigenous Services Canada and First Nations Health Authority.

3. CASH AND CASH EQUIVALENTS

	2020	2019
Externally restricted		
Replacement reserve	\$ 60,362	\$ 60,317
Unrestricted		
Secured Revenues Trust Account	700,644	30,664
Operating	1,680,140	457,633
	2,380,784	488,297
	\$ 2,441,146	\$ 548,614

Leq'a:mel First Nation

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3. CASH AND CASH EQUIVALENTS (continued)

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by CMHC with any interest earned to be credited as revenue to the Replacement Reserve.

Under the terms of an agreement with First Nations Finance Authority (FNFA), contractual revenues may be redirected to a Secured Revenues Trust Account held by FNFA. These funds are used to cover interest and principal obligations on long-term debts of the First Nation to FNFA (see note 9).

Externally restricted - Replacement Reserve:

At year end, the reserve was underfunded by \$42,182 (2019: underfunded by \$25,827).

Banking facilities:

The First Nation has a facility arrangement with Bank of Montreal secured by a general security agreement and band council resolution. The facility includes:

- i) \$600,000 construction loan, approved and undrawn.
- ii) \$250,000 authorized overdraft lending product at prime plus 0.75%.
- iii) \$10,000 in authorized credit card facilities at 18.4%.

4. ACCOUNTS RECEIVABLE

	2020	2019
Due from members:	\$ 442,138	\$ 423,752
Due from Government and other Government Organizations:		
Indigenous Services Canada	213,725	181,305
Canada Mortgage and Housing Corporation - Interest Subsidy	36,418	14,580
Canada Revenue Agency	24,042	9,897
Department of Fisheries and Oceans	41,973	41,247
Natural Resources Canada	44,761	82,500
Province of British Columbia	35,000	-
Other	35,500	44,649
	431,419	374,178
Due from others:	150,111	95,122
	1,023,668	893,052
Allowance for doubtful accounts	(432,651)	(415,472)
	\$ 591,017	\$ 477,580

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March 31, 2020

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5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The First Nation's investment in government business enterprises consist of the following:

	2020	2019
0807656 B.C. Ltd. - 100%	\$ 21,251	\$ 14
Advances from 0807656 BC Ltd.	(33,478)	(33,478)
Leq'a:mel Development Corporation - 100%	80	27
Seven Generations Environmental Services Ltd. - 17%	(3,588)	(2,040)
Advances to Seven Generations Environmental Services Ltd.	58,877	58,877
BCFN GRS GP Inc. - a nominal interest	10	-
	\$ 43,152	\$ 23,400

0807656 B.C. Ltd is the general partner for Leq'a:mel Forestry Limited Partnership. Its financial information is consolidated into the financial information for Leq'a:mel Forestry Limited Partnership in Note 6.

Leq'a:mel Development Corporation is the general partner for Leq'a:mel Development Limited Partnership. Its financial information is consolidated into the financial information for Leq'a:mel Development Limited Partnership in Note 6.

Financial information for Seven Generations Environmental Services Ltd is as follows:

	March 31 2020	March 31 2019
Current assets	\$ 418,791	\$ 365,293
Property and equipment	19,072	25,098
Total assets	\$ 437,863	\$ 390,391
Current liabilities	\$ 106,134	\$ 49,366
Due to shareholders	353,258	353,258
Total liabilities	459,392	402,624
Equity	(21,529)	(12,233)
Total liabilities and equity	\$ 437,863	\$ 390,391
Revenue	\$ 367,781	\$ 645,870
Expenses	377,077	641,952
Net income	\$ (9,296)	\$ 3,918

Seven Generations Environmental Services Ltd. was established for the purpose of providing environmental monitoring services.

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6. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS

The First Nation's investment in government business partnerships consist of the following:

	2020	2019
Leq'a:mel Forestry Limited Partnership - 99.000%	\$ 3,615	\$ 3,615
Leq'a:mel Development Limited Partnership - 99.999%	2,739,190	2,624,577
BC First Nations Gaming Revenue Sharing Limited Partnership - nominal interest	100	-
	\$ 2,742,905	\$ 2,628,192

Consolidated financial information for Leq'a:mel Development Limited Partnership and Leq'a:mel Forestry Limited Partnership is as follows:

	Leq'a:mel Development (Consolidated)	Leq'a:mel Forestry (Consolidated)	Total March 31 2020	Total March 31 2019
Current assets	\$ 530,858	\$ 928,405	\$ 1,459,263	\$ 709,380
Property and equipment	2,034,707	-	2,034,707	2,037,359
Total assets	\$ 2,565,565	\$ 928,405	\$ 3,493,970	\$ 2,746,739
Current liabilities	\$ 1,723,549	\$ 12,219	\$ 1,735,768	\$ 2,296,549
Equity	842,016	916,186	1,758,202	419,857
Total liabilities and equity	\$ 2,565,565	\$ 928,405	\$ 3,493,970	\$ 2,716,406
Revenue	\$ 1,253,546	\$ 1,440,989	\$ 2,694,535	\$ 1,021,255
Expenses	724,334	7,955	732,289	864,540
Net income	\$ 529,212	\$ 1,433,034	\$ 1,962,246	\$ 156,715

Leq'a:mel Forestry Limited Partnership operates a timber harvesting and log marketing business.

Leq'a:mel Development Limited Partnership carries out the business of developing real property, selling or leasing real property and operating businesses in connection with the real property development, and all ancillary businesses in connection therewith.

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7. TRUST MONEYS

	2020	2019
Ottawa Trust	\$ 1,157	\$ 1,171
First Nations Finance Authority - Debt Reserve Funds	392,577	380,604
	\$ 393,734	\$ 381,775

The Ottawa Trust accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Upon issuance of long-term debts from First Nations Finance Authority (FNFA), 5% of the issued proceeds are deposited in separate interest-bearing Debt Reserve Funds held by FNFA. These funds are maintained as long as the long-term debts to which they relate are outstanding (see note 9).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Accounts payable and accrued liabilities	\$ 624,831	\$ 858,874
Indigenous Services Canada	117,110	216,018
	\$ 741,941	\$ 1,074,892

9. LONG-TERM DEBT

	2020	2019
Pre-97 - Phase 6 - All Nations Trust - Mortgage payable with payments of \$2,062 per month including interest at 1.08% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on June 1, 2020.	\$ 6,174	\$ 30,703
Pre-97 - Phase 7 - All Nations Trust - Mortgage payable with payments of \$1,408 per month including interest at 1.30% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on May 1, 2022.	36,071	52,379
Pre-97 - Phase 8 - All Nations Trust - Mortgage payable with payments of \$1,947 per month including interest at 1.86% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on January 1, 2024.	86,398	107,939
Subtotal	\$ 128,643	\$ 191,021

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9. LONG-TERM DEBT (continued)

	2020	2019
Balance forward	\$ 128,643	\$ 191,021
First Nations Finance Authority - Debenture with payments of \$11,933 per month including interest at 2.985% per annum, secured by Federal or Provincial transfer and business revenue streams. Reserve for debt retirement at March 31, 2020 amounted to \$141,241 (2019: \$135,606). Matures on June 26, 2024.	2,155,248	2,231,862
First Nations Finance Authority - Debenture with payments of \$11,756 per month including interest at 2.90% per annum, secured by Federal or Provincial transfer and business revenue streams. Reserve for debt retirement at March 31, 2020 amounted to \$139,954 (2019: \$134,370). Matures on June 26, 2024.	2,231,862	2,306,244
First Nations Finance Authority - Debenture with payments of \$10,354 per month including interest at 2.72% per annum, secured by Federal or Provincial transfer and business revenue streams. Reserve for debt retirement at March 31, 2020 amounted to \$111,382 (2019: nil). Matures on June 1, 2028.	2,173,164	2,200,000
	\$ 6,688,917	\$ 6,929,127

Future principal payments for subsequent years are as follows:

2021	\$ 246,194
2022	240,646
2023	227,137
2024	220,854
2025	201,547
Subsequent	5,552,539
	\$ 6,688,917

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10. LEASE PAYABLE

The lease payable began on August 30, 2019 and has monthly payments of \$1,487 including interest at 3.87% per annum. The lease is secured by a vehicle with a carrying value of \$84,403 and expires on August 2, 2024.

Total payments of obligations under the lease are as follows:

	Principal repayments expected	Minimum lease payments
2021	\$ 15,176	\$ 17,839
2022	15,773	17,839
2023	16,393	17,839
2024	17,038	17,839
2025	7,295	7,433
	\$ 71,675	\$ 78,789

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11. TANGIBLE CAPITAL ASSETS

	Beginning Cost	2020					2019			
		Additions	Disposal	Ending Cost	Beginning Accumulated Depreciation	Ending Accumulated Depreciation	Net Book Value	Net Book Value		
Community infrastructure	\$ 8,130,513	\$ 61,594	\$ -	8,192,107	\$ 3,903,567	\$ 85,693	\$ -	\$ 3,989,260	\$ 4,202,847	\$ 4,226,946
Land improvements	11,588	-	-	11,588	11,588	-	-	11,588	-	-
Buildings	5,411,449	10,000	-	5,421,449	1,666,345	157,136	-	1,823,481	3,597,968	3,745,104
Machinery and equipment	153,511	103,544	-	257,055	83,467	11,177	-	94,644	162,411	70,044
Automotive	162,823	145,663	-	308,486	137,559	18,522	-	156,081	152,405	25,264
Computer hardware/software	28,083	6,294	-	34,377	2,850	5,755	-	8,605	25,772	25,233
Office furniture/equipment	107,959	39,150	-	147,109	58,861	9,377	-	68,238	78,871	49,098
Gas station	6,135,652	227,807	-	6,363,459	-	105,912	-	105,912	6,257,547	6,135,652
Land	20,141,578	594,052	-	20,735,630	5,864,237	393,572	-	6,257,809	14,477,821	14,277,341
	2,500	-	-	2,500	-	-	-	-	2,500	2,500
Total	\$ 20,144,078	\$ 594,052	\$ -	\$ 20,738,130	\$ 5,864,237	\$ 393,572	\$ -	\$ 6,257,809	\$ 14,480,321	\$ 14,279,841

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12. ACCUMULATED SURPLUS

Accumulated surplus (deficit) is comprised of the following:

	2020	2019
Operations Fund	\$ 180,116	\$ (87,144)
Tangible Capital Assets	8,094,132	7,953,168
Ottawa Trust Fund	1,157	1,171
Debt reserve	1,093,221	411,268
Investment in government business entities	3,755,043	2,017,947
Replacement reserve	102,544	86,144
	\$ 13,226,213	\$ 10,382,554

13. CONTINGENT LIABILITIES

- a) Leq'a:mel First Nation has entered into the First Nations On Reserve Loan Program with the Royal Bank of Canada. The total amount available under the program to qualified members of the First Nation is \$1,500,000. The maximum individual amount available under the program to each qualified member of the First Nation is \$150,000.

The aggregate amount outstanding under this loan program at March 31, 2020 was \$919,852 (2019: \$994,421). Two of the individual loans were in excess of \$150,000.

- b) Leq'a:mel First Nation has entered into the First Nations On Reserve Loan Program with the Bank of Montreal. The total amount available under the program to qualified members of the First Nation is \$1,000,000. The maximum individual amount available under the program to each qualified member of the First Nation is \$250,000.

The aggregate amount outstanding under this loan program at March 31, 2020 was \$183,464 (2019: \$187,680).

14. BUDGET INFORMATION

Budgeted figures are unaudited and have been derived from the estimates approved by the Chief and Council for comparison purposes. Individual program operations not showing budget information does not mean budgets were not prepared but rather that their amounts were not readily determinable.

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15. RELATED PARTY TRANSACTIONS

Amounts paid to (from) related parties who are Leq'a:mel First Nation business entities, are as follows:

	2020	2019
Leq'a:mel Development Limited Partnership		
Taxation Centre - other expenses	\$ -	\$ 70,737
Other income	-	(81,193)

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

16. FINANCIAL INSTRUMENTS

Risk management policy

Leq'a:mel First Nation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks and concentrations at March 31, 2020.

Credit risk

The carrying value of the First Nation's main financial assets represents the maximum credit risk to which the band is exposed.

Liquidity risk

Leq'a:mel First Nation considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

Market risk

Leq'a:mel First Nation is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the band to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

The following table summarizes the contractual maturities of the financial liabilities as at March 31, 2020.

	Carrying Amount	Contractual cash flows	Within 1 year	2 to 5 years	Subsequent
Accounts payable and accrued expenses	\$ 741,941	\$ 741,941	\$ 741,941	\$ -	\$ -
Long-term debt	6,688,917	6,688,917	246,194	890,184	5,552,539
Capital lease	75,818	71,675	15,176	56,499	-
	\$ 7,506,676	\$ 7,502,533	\$ 1,003,311	\$ 946,683	\$ 5,552,539

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17. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2020 Budget	2020 Actual	2019 Actual
Bad debt expense	\$ -	\$ 37,492	\$ 24,247
Band functions	63,000	21,925	38,473
Bank charges and interest	6,100	17,583	6,252
Basic needs	462,137	455,548	492,648
Depreciation	-	393,572	259,520
Distribution to members	50,000	60,847	39,366
Donations	-	20	6,744
Equipment rental/lease	31,347	31,591	28,324
Honorariums	307,145	254,546	267,552
Insurance	93,200	81,106	64,994
Interest on debt	-	126,573	3,478
Municipal services	87,928	106,028	127,404
Office and other	25,000	34,631	57,400
Professional development	17,000	735	14,135
Professional services	161,181	744,574	371,496
Rent/Leases	8,050	196,776	130,288
Repairs and maintenance	113,300	141,021	106,125
Salaries and benefits	1,417,267	1,269,864	1,113,274
Special needs	15,200	14,204	22,353
Supplies	108,274	75,020	94,422
Telecommunications	28,600	44,130	44,397
Travel	30,403	46,057	35,565
Tuition, allowances and incentives	169,618	109,707	164,108
Utilities	60,646	53,313	58,514
Workshops	54,255	34,707	37,923
Consultants and contractors	138,407	74,006	143,687
	\$ 3,448,058	\$ 4,425,576	\$ 3,752,689

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18. SUBSEQUENT EVENTS

- a) The COVID-19 pandemic has developed rapidly in 2020 with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The First Nation has taken a number of measures to monitor and mitigate the effects of COVID-19 such as safety and health measures for its staff and members (such as social distancing and increased cleaning measures).

At this stage, the impact on the First Nation's operations has been mixed. Emergency funding has been received, but many programs that involve community engagement have been limited due to social restrictions. The core operations, including public works, health, and social services, continue to operate as essential services.

- b) The First Nation is the defendant in a wrongful dismissal suit from a former staff member, of which the outcome is not readily determinable.